

BEFORE THE

POSTAL REGULATORY COMMISSION

WASHINGTON, D.C. 20268-0001

Retail Access Optimization Initiative

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Docket No. N2011-1

COMMENTS
OF NATIONAL NEWSPAPER ASSOCIATION
IN LIEU OF INITIAL BRIEF
(November 4, 2011)

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COMMENTS OF NATIONAL NEWSPAPER ASSOCIATION

The National Newspaper Association hereby submits comments for the Commission's consideration in this docket, and will not submit an initial brief. Budget constraints have limited NNA's participation in the docket, but the organization has followed developments in the Postal Service's policies for closing small post offices with interest.

NNA's comments in general recapitulate testimony filed as Direct Testimony of Max Heath, NNAT-1.

However, NNA calls to the Commission's attention that following submission and cross-examination of rebuttal evidence by the Postal Service, news reports have reached the public with information that appears to be highly relevant to the docket. Specifically, NNA believes that the Postmaster General stated in an interview with Reuters News Service on November 2, 2011, that USPS was revising its plans for Village Post Offices, having found it impractical to open a VPO in many small communities. Although the Postal Service's evolving understanding of the Village Post Office concept has been explored to some extent in the docket, NNA respectfully suggests that the Commission consider reopening the record for the limited purpose of permitting an additional Presiding Officer's request on this subject, and a response thereto, to determine whether, in fact, VPO's are taking a much reduced role in the Service's long-term plans to provide service in smaller communities.

NNA's further comments address two topics: the need to broaden consideration of the scope of services needed by smaller communities beyond the limited consideration of front office retail sales, and the imperative of aggressive efforts to evaluate and memorialize community concerns.

I. Examining only retail sales as a qualification for a discontinuance study creates an anemic picture of a post office's true importance.

It was apparent from responses to the first Presiding Officer's Information Request that inadequate consideration has been paid to essential activities at post offices targeted for potential discontinuance. Numerous instances of non-sales activities that are not measured in the RAOI studies have surfaced during examination of the testimony. Of obvious concern to NNA is the apparent omission of business mail entry and exceptional dispatch usages by community newspapers. Though USPS Witness Boldt, USPS T-1, affirms that permit mail would be a factor in an eventual discontinuance determination, it is far from clear how the presence of such mail would be weighed in the final determination. Tr 2 /799. The fact that initial testimony from Mr. Boldt reflected no awareness of the importance of smaller post offices for community newspaper delivery has raised NNA's concern that the team responsible for discontinuance evaluations at the Postal Service may not fully understand how important smaller post offices are to newspapers trying to reach readers in small towns.

NNA Witness Heath explained in his testimony that community newspapers may in some circumstances be entering mail in offices already up for consideration for closure under the RAOI in this docket. Heath at 3-4. He is more concerned that omission of consideration of newspaper entry activity in a small post office in this docket may lead to similar omissions in future discontinuance or consolidation decisions following this RAOI. He points out that the possibility also exists of the closure of all post offices in a single county, leaving a local newspaper with no entry office to qualify its status as a "within county" mailer. Heath at 5. Finally, he is concerned that the closure of a small post office that serves as an exceptional dispatch destination for a community newspaper mailer would leave it without a destination drop point sufficient to achieve same-day or overnight delivery. Heath at 6. None of these concerns, raised by Heath, seem to have been taken into consideration by USPS in developing the RAOI.

Heath stated, and NNA reaffirms, that the association does not categorically oppose the discontinuance or consolidation of some post offices, provided adequate alternative means are provided to community newspapers for timely delivery. However,

the scant consideration given to the needs of community newspapers dependent upon efficient entry and destination drop points to reach smaller communities in their publication markets by USPS requires NNA to harbor serious reservations about the process so far undertaken by USPS to select post offices for discontinuance studies.

Heath recommended several actions that USPS should take as it determines the fate of the 3,652 offices originally targeted in this docket, and for future discontinuance studies.

1. Revenue from bulk business mail accounts tied to a local post office must be counted on an equal basis with stamp or package sales.
2. Where a newspaper enters all or most of its mail distribution, a heavy presumption on keeping an office open should prevail. Many of those newspapers also have large Standard Mail carrier rate shoppers that pay revenues from two to six times larger than Periodical revenue.
3. Where a newspaper original entry OR an exceptional dispatch location is on target for discontinuance or merger, USPS should prefer a CPU to a VPO, because the range of services to be provided is wider. CPUs should be required by contract to provide exceptional dispatch drop service.
4. In every case where box sections are provided—whether a CPU or a VPO—exceptional dispatch must be allowed for purposes of serving box section patrons to give timely delivery to them, and the newspapers serving them. With the Draconian plant closings being proposed, newspapers traveling relatively short distances to the SCF and back could now travel hundreds of miles to a hub plant before returning to the delivery locality.
5. The Commission should recommend that the Postal Service immediately issue a legal opinion that newspapers' within-county rate eligibility will in no case be denied because of the Postal Service's decision to close all post offices within a county. NNA would further recommend that the opinion be

filed with the Commission, in recognition of the Commission's shared responsibility to oversee postal products and classes, to provide further public notice and enable an accessible digital archive of the opinion to be kept.

6. A "circuit-rider" postmaster concept should be considered for some small offices, in lieu of closing them entirely and replacing them with a VPO or CPU.

Heath at 10-11.

NNA believes that USPS has in fact begun to consider recommendation number 6--instituting "circuit rider" postal staff in lieu of a discontinuance. That information does not appear to have reached the evidentiary record in this docket. If the Presiding Officer determines that the record should be reopened to evaluate other possible evolutions in the Postal Service's thinking, an exploration of the degree to which the circuit rider concept is under consideration would also be relevant to the record.

II. Full community participation requires more effort, if the Postal Service truly wishes to measure impact.

NNA welcomed the Commission's inquiry into the handling of press coverage policies at community meetings, and acknowledges that USPS has moved toward a more transparent model. Tr. 5/1730. NNA believes that input from its community newspapers about past handling of citizens' and journalists' desires to take photographs and make recordings may have aided the Postal Service in creating a more open process.

However, more must be done, if the Postal Service truly wishes the communities to accept that their needs are being heard.

Even though photographers are now permitted, there is no evidence that USPS is making much effort to alert local news media--not just newspapers, but local radio station and television stations and cable outlets. In some cases, it might even be

necessary to post a notice on a utility pole or request publicity in a church bulletin, where few other outlets remain in the community. There is no good reason those steps should not be taken.

There is no indication that even the news organizations regularly transacting business with a subject post office have been receiving alerts of a discontinuance meeting--despite the fact that business mail entry clerks clearly know the local printers and publishers because they see them every day. Explanations from witness Boldt of the process do not appear to have considered such an option. Even an informal press alert handed to these individuals when they enter mail would be better than nothing.

But USPS has chosen to leave the management of these community meetings to local and district officials who may or may not have the expertise to carry out a proper public relations outreach. USPS clearly *does* have such expertise at the national level, as well as a fully-developed advertising program, which it uses admirably to promote products like flat-rate boxes. It has made no effort either to use press releases or small advertising notices to alert the public to a community meeting, in NNA's belief. These are simple tools and would be welcomed by local press, and used by local citizens. Rather, it is counting on its own limited contact with citizens to get the word out and considers its own direct mail as an adequate advertising vehicle. (If its assumption is true, perhaps USPS should consider discontinuing national television spots.)

USPS also is clearly leaving the timing and conduct of community meetings largely to local discretion. Criticisms that meetings are held at times more convenient for USPS personnel than for the community have surfaced in the record. The Postal Service reasonably responds that no meeting time is perfect for anyone. But Robert Brinkmann, counsel for the National League of Postmasters, reasonably suggests that USPS consider conducting more than a single meeting, Tr. 5/1825, so that a maximum number of citizens could be reached. The time and effort required for a few more steps to reach out to the community are not unreasonable requests, given the possible lasting impact upon a town that loses its post office.

Finally, the uncertain creation of a record of concerns raised during these meetings should trouble the Commission. Tr. 5/1816 et seq. The desire to maintain recordings of the meetings seems to have arisen from within the populace rather than from within the institution conducting an inquiry into the community's needs. Tr.5/1821. The fact evinces a curious indifference to the development of a record to justify decisions. NNA believes that while USPS has demonstrated justification to close many post offices, and NNA's members similarly observe that USPS is operating more of them than are needed to serve some areas, the decision to situate the discontinuance decision with local and district officials who may have a self-interest in the outcome requires some consideration by the Commission as it advises the Postal Service on future discontinuance proceedings. Without any record whatever of these meetings, the possibility of bias, intimidation, fear or other negative influences on community input cannot be disregarded. At the least, some official record of the community meetings might be made that would enable the Postal Service as well as this Commission to delve into factors weighing both pro and con into the final decision. Digital recording equipment being inexpensive enough today to fit the budget of even the smallest community newspaper, one might presume even a small post office budget could accommodate such an option.

Conclusion

NNA regrets the multiple pressures on its resources during this time of rapid USPS evolution and need for the rethinking of 21st Century services. Time and resources being limitless, NNA would have liked to contribute more to the record to enable the Commission to view through the eyes of community publishers how the small post office is viewed in local communities. However, in light of present realities, it believes the Service's filing has given stakeholders an opportunity to understand how USPS is examining the need for services in smaller communities. NNA believes that comments and evidence raised in this hearing have already led USPS to re-examine some of its options and to look at better alternatives. Similarly, the Commission's keen interest in examining the due process afforded stakeholders in the current evolution of USPS changes is welcomed by the community newspaper industry.

In the instant case, NNA believes that much has been done right in the process so far. But some alterations are needed for USPS to continue to serve as the primary distributor of community newspapers. Perhaps more importantly, a greater devotion to true community involvement is essential to the Postal Service's relationship with rural America. More change is clearly ahead. Americans will not trust what they cannot see. It is in the interest of all parties to make the process as transparent as possible, consistent with universal service goals and the imperatives of efficiency.